

## CHARGES AGAINST MEMBERSHIP OF THE HOUSE.

---

MARCH 6, 1908.—Ordered to be printed.

---

Mr. DALZELL, from the Committee on Rules, submitted the following

### REPORT.

[To accompany House Resolution No. 288.]

On the 20th day of February last Mr. George L. Lilley, a Representative from the State of Connecticut, introduced into the House a resolution calling for the appointment of a special committee of five Members of the House, to be appointed by the Speaker. "to investigate the conduct of the Electric Boat Company of New Jersey and their predecessors, the Holland Boat Company, respecting the methods employed by said companies in connection with passed or proposed legislation before Congress."

There was nothing on the face of the resolution that charged corrupt or even improper methods on the part of the company or companies in connection with legislation or proposed legislation. On the day succeeding the introduction of the resolution, however, an article appeared in the Washington Post which did charge the companies named in the resolution with corrupt practices, and which quoted an interview on the subject with Mr. Lilley, the author of the resolution. Thereafter numerous alleged interviews with Mr. Lilley appeared in certain newspapers of the country coupling the names of Members of the House with the Electric Boat Company and legislation in its interest.

Following upon these publications, Mr. Lilley at his own instance appeared before the Committee on Rules; admitted the authenticity of the interview in the Washington Post, but repudiated all others, and made a statement which is submitted herewith as part of this report.

In that statement charges are made of corrupt practices on the part of the Electric Boat Company influencing Members and legislation, and of such character, taken as a whole, as to lead your committee to conclude that it is due to the maintenance of the dignity and integrity of the House and its Members that an investigation into the charges made by Mr. Lilley should be had. They therefore recommend the adoption of the accompanying resolution.

8-35246

## APPENDIX.

COMMITTEE ON RULES,  
HOUSE OF REPRESENTATIVES,  
*Tuesday, February 25, 1908.*

The committee met this day at 11 o'clock a. m. Present: Mr. Cannon, the Speaker, chairman; and Messrs. Dalzell, Sherman, Williams, and De Armond.

The SPEAKER. Mr. Dalzell, will you ask Mr. Lilley such questions as you have in mind?

Mr. DALZELL. Mr. Lilley, this committee has before it a resolution which you introduced, and the substantive parts of which I will read [reads]:

*Resolved*, That a special committee of five Members of the House be appointed by the Speaker to investigate the conduct of the Electric Boat Company of New Jersey and their predecessors, the Holland Boat Company, respecting the methods employed by said companies in connection with past and proposed legislation before Congress.

The rest of the resolution is simply to provide the machinery for the committee.

Now there is nothing in that resolution that charges corrupt or even improper methods on the part of the company or companies in connection with legislation or proposed legislation. The Committee on Rules has noticed certain publications in newspapers purporting to come from you; in substance that the activities of said company or companies have influenced corrupt action or proposed corrupt action of certain Members of the present House in connection with legislation. The Committee on Rules, you must understand, may not act properly without some tangible fact or facts in the premises.

Now, on behalf of the Committee on Rules, I ask you this question: Have you a statement to make on your responsibility as a Member of the House of facts showing or tending to show the corruption by said company or companies, or attempted corruption, of any particular Member or Members of the present House in his or their legislative capacity? And if so, what Member or Members?

STATEMENT OF HON. GEORGE L. LILLEY, A REPRESENTATIVE OF  
CONNECTICUT.

Mr. LILLEY. I have a statement prepared here that I should like to read to the committee.

Mr. DALZELL. Yes, if it is in answer to that question.

Mr. LILLEY. I think it is [reads]:

I propose to show that for several years prior to the Lessler investigation the Holland Company, and its successor, the Electric Boat Company, maintained in Washington an organized lobby for the purpose of influencing legislative appropriations in favor of the Holland boat, and that it had under annual retainer C. E. Creecy, Gen. Eppa Hunton, ex-United States Senator M. C. Butler, C. S. McNeir, Dr. W. R. Kerr, and others.

That for several years Mr. Elihu B. Frost, vice-president of the said company, has been a continuous visitor at Washington during Congressional sessions, and that he has spent large sums of money in furnishing entertainment to Members of Congress, and that his expenditures along this line amount to thousands of dollars.

That the Senate amendment to the appropriation bill of March 2, 1907, was prepared and drafted by the attorney for the Electric Boat Company, for the purpose of and with the intention to eliminate competition in submarine construction, and to prevent the Secretary of the Navy from exercising any discretion in awarding contracts for submarines.

MAR 14 1908  
D. of D.



Mr. DALZELL. What is that clause, please? Please read that over again.

Mr. LILLEY [reads]:

That the Senate amendment to the appropriation bill of March 2, 1907, was prepared and drafted by the attorney for the Electric Boat Company, for the purpose of and with the intention to eliminate competition in submarine construction, and to prevent the Secretary of the Navy from exercising any discretion in awarding contracts for submarines.

Further [reads]:

That a thorough investigation by an impartial committee will show that large sums of money have been, by the Electric Boat Company, its officers, or agents, contributed to campaign funds of Members of Congress who favor and have favored the Electric Boat Company's monopoly of submarine construction; also, that large sums of money have been spent to accomplish the defeat of members of the Naval Committee who did not favor the Electric Boat Company.

Mr. WILLIAMS. If it will not interrupt you, will you mind stating who those members are?

Mr. LILLEY. I do mind, sir [reads]:

That an examination of the books and records of the Electric Boat Company, and of its predecessor, the Holland Boat Company, will show that large sums of money have been paid from their treasuries for the above purpose.

That continued and repeated efforts have been made by representatives of the Electric Boat Company and its predecessor to influence the action of the officials of the Navy Department, and that such efforts in the past were so persistent and notorious as to call forth the condemnation and criticism of high officials of the Navy Department, whose testimony can be secured by an investigation committee.

That from 1893 up to the present time these efforts of the Electric and Holland Company have resulted in absolutely suppressing any possibility of competition in submarine construction, and securing and awarding of all contracts, either by specific appropriation or by legislative appropriations skillfully drawn, to this company without possibility of competition.

That it can be shown by former investigation before the Naval Committee of the House, upon which no reports were made to the House of Representatives that the Holland company and the Electric Boat Company have been engaged in doubtful and reprehensible efforts to influence Members of Congress and officials of the Navy Department in favor of their boats and appropriations therefor.

That it can be shown upon investigation that certain representatives of leading newspapers have been subsidized and paid by the Electric Boat Company for favorable newspaper articles and reports in behalf of the said companies.

It has never been held that evidence should be taken or submitted in advance to warrant Congressional investigation. Such a procedure would be investigation per se by the Committee on Rules. Such an investigation should be only undertaken by a committee specially appointed for that purpose, and before which committee witnesses could be examined, books and records produced, and all testimony presented.

If these things are not actually within the pale of the law, they are wrongful practices and tend to throw discredit upon the Congress of the United States.

Mr. DALZELL. Now, Mr. Lilley, the first thing you suggest there is that this company for a number of years has maintained a lobby here. Now, are you prepared to say that that lobby has influenced corruptly any Member of Congress in his legislative capacity?

Mr. LILLEY. I expect to prove wrongful methods.

Mr. DALZELL. What Members?

Mr. LILLEY. I do not care to state the names of the Members this morning.

Mr. DALZELL. Then you allege also that this company spent money for the purpose of electing Members of Congress. Of course you

must have some particular Members of Congress in mind. Who are they?

Mr. LILLEY. I do not care to give the names this morning of Members of Congress. I do not think it should be expected of me.

Mr. DALZELL. Then you suggest also that this company has spent money for the purpose of defeating Members of Congress. You must have some particular Members of Congress in view when you make that statement. Who are they?

Mr. LILLEY. I expect to prove that that has actually been tried.

Mr. DALZELL. You do not propose to tell us who they are?

Mr. LILLEY. I understand I am not called upon to try the case before this committee.

Mr. DALZELL. Well, of course, you know the Committee on Rules can not report in favor of a resolution in favor of an investigation on some vague statements as to the existence of facts upon which one man may draw one inference and another man another inference.

Mr. LILLEY. These are not vague statements. They have been constantly and continuously in the air for about fifteen years.

Mr. DALZELL. They are vague statements so long as you refuse to indicate who the particular parties are who have been influenced.

Mr. LILLEY. I shall be very glad to indicate as soon as this resolution is passed and the committee named.

Mr. DALZELL: You say that this lobby has been maintained here since 1893, if I recollect rightly your statement?

Mr. LILLEY: Yes, sir.

Mr. DALZELL: When did you come to Congress?

Mr. LILLEY: In 1903.

Mr. DALZELL: So that your charges relate back to ten years prior to your coming to Congress?

Mr. LILLEY: Yes, sir.

Mr. DALZELL: Those charges, of course, you can not make on your own personal knowledge?

Mr. LILLEY: I do not suppose there is an intelligent citizen who reads the papers in the United States who does not know about the methods that were being pursued here before I ever came to Congress.

Mr. DALZELL. I was going to ask you on what information do you base your charge covering ten years before you could have had any personal knowledge?

Mr. LILLEY. On what I had read of this company in the newspapers and what I know from Members serving on that committee before I came here; certain particular Members.

Mr. DALZELL. Which particular Members do you refer to now?

Mr. LILLEY. I do not care to indicate at this time.

Mr. DALZELL. Then that part of your charge is based on newspaper information?

Mr. LILLEY. No, sir; not altogether.

Mr. DALZELL. Partly newspapers and partly what you know from Members of Congress?

Mr. LILLEY. The Lessler episode occurred before I came to Congress.

Mr. DALZELL. Do you say what you know of Members of Congress before you came to Congress, or from Members of Congress?

Mr. LILLEY. From Members of Congress.

Mr. DALZELL. From whom, for instance?

Mr. LILLEY. I do not think I am called upon to give that.

Mr. DALZELL. Were they members of the Naval Committee?

Mr. LILLEY. Yes, sir.

Mr. DALZELL. Of what Congress?

Mr. LILLEY. The Congresses prior to the time I came here.

Mr. DALZELL. From 1893 down?

Mr. LILLEY. Not all of them.

Mr. DALZELL. Well, the result of the whole business is that you will not disclose to us the names of any parties whom you allege have been corruptly influenced. Will you give us the names of the parties, the individual men, who have attempted to corruptly influence Members of Congress?

Mr. LILLEY. I shall be very glad to go into this matter just as soon as this resolution is passed and the committee is appointed; and I assure you, gentlemen, that I am not talking on hearsay. I know my grounds, and I know that I can prove these things before a committee that means business.

The SPEAKER. Let me ask him right there: I just want to suggest a question: Do you allege corrupt action against Members of the present Congress?

Mr. LILLEY. I allege just what my document says. If these be corrupt practices, I allege those things that I have mentioned there.

The SPEAKER. Does it apply to Members of the present Congress touching business pending before the present Congress, or any committee of the present Congress?

Mr. LILLEY. It does.

The SPEAKER. You decline to state whom?

Mr. LILLEY. I decline to state the names of the Members at this time.

Mr. DALZELL. Will you state the names of individuals who have corrupted or attempted to corrupt Members of Congress?

Mr. LILLEY. They are using wrongful methods in most every Member's district who serves on the Naval Committee.

Mr. DALZELL. Can you give us the names of some?

Mr. LILLEY. I do not care to at this time. They will be called after this committee is appointed and we get a chance to operate.

Mr. DALZELL. In what way did they ever attempt to corrupt Members of Congress?

Mr. LILLEY. Well, while I do not care to mention the names of others I do not object to telling you an incident concerning myself.

Mr. DALZELL. Very well.

Mr. LILLEY. In the last Congress a large manufacturer from my town, an intimate friend, a man who would probably have as much influence with me as any man in my State, told me that he had the promise of a large order if I would vote for the submarines. At the same time there came down here a lawyer in politics who had been a member of the State committee and the town committee where I lived; was then; who probably had as much to do with my being in Congress as any man. He came here to Washington and stayed with me, and he was certainly employed by the Electric Boat Company.

Mr. SHERMAN. Worked for what?

Mr. LILLEY. He was employed by Mr. Frost, vice-president of the Electric Boat Company, who, he said, was a college classmate of his,

and that he was a splendid fellow and wanted me to meet him. He told me about the excellent qualities of Mr. Frost, and urged me to vote for his submarines.

He first had tried by getting the closest political influence to bear upon me that he could, and then a large business enterprise that employed thousands of hands. The same identical thing happened a very few days before the motion was made in our committee this year on submarines. A new manufacturer from the city of Bridgeport walked into my room over in the new building and told me that they were practically closed down, that they never needed an order so badly as they did now, that they had a promise of an order from the Holland or Electric Boat Company if he would vote me right on this proposition. I said, "What is the size of your order?" He said, "\$20,000." I asked him what the profit was to them. He said, "About \$2,000." "Now," I said, "let me see if I understand you correctly. You are asking me to vote three and one-half million dollars of other people's money, of which I am one of the trustees, for the sake of giving you a twenty-thousand-dollar order on which you are going to make \$2,000 profit. Is that your proposition?" He sat and looked at me a few minutes and then said he did not like to have me put it that way. I repeated it to him, and I said, "If that is your proposition, I would prefer to pay you the \$2,000 myself." That ended that interview. But an attorney came down here and stayed three or four days—the same one—and the morning that he went away he left a letter in my box at the New Willard containing a clipping from a Washington paper explaining that the Department had sent four submarines to Manila and expected others to follow, and urged on me the necessity of voting for a liberal number of submarines. I thought I had that letter here. No, it is up home.

This Electric Boat Company has been a stench in the nostrils of the country for years, and, in my opinion, it has done more to corrupt legislation than all the other corporations on earth. I think the membership of this House is of the very highest quality, and that they are the best men, usually, from the districts from which they come; but with a flock of 383 here, it would be strange if there were not some sheep in it that had the foot-rot or scabies. I think the disease ought to be eradicated before it spreads. I have no motive or animus in this at all, except in so far as I would like to see the business run on business lines and the selection of submarines left to experts, and not taken from the hands of the Navy Department and from the experts of the Navy, from men like Chief Constructor Capps, who I believe to be the best engineer in the world, and men like Admiral Converse, and taken absolutely out of their hands and dictated what boats shall be built, what companies shall have the contract, leaving them in a position to charge any price they choose. We have got to buy under the present bill that has passed the Naval Committee—we have got to buy obsolescent Holland boats and no other at whatever price they choose to charge. We have eliminated any chance to do business on business lines.

MR. DALZELL. What other company is there, Mr. Lilley?

MR. LILLEY. There are several, I understand.

MR. DALZELL. Do I understand you to charge, Mr. Lilley, under the term of "corrupt practices," that money has been spent, paid to Members of Congress to influence their vote?

Mr. LILLEY. I do not claim that any money has been paid to bribe a Member of Congress. I do expect to prove that money has been contributed to campaign funds, which, morally, is no different from passing a bribe across a table in the committee room when we pass a vote. Morally, there is not a particle of difference, legally, there is.

Mr. WILLIAMS. Now, Mr. Chairman, I would like to ask Mr. Lilley this question: Mr. Lilley, in case the committee concluded to report this resolution favorably would you object to adding this language to it?—

And shall report upon the truth or falsity of the allegations in this resolution, and shall recommend to the House appropriate action to be taken by the House with regard to Members found guilty of corrupt practices, if any are shown to be thus guilty, or with regard to the mover of this resolution in case allegations herein contained against the honor and integrity of the House, Members of the House, and the House Committee on Naval Affairs are unfounded and unsustained by proof.

Mr. LILLEY. If you will submit that to me in writing I would like to think it over.

Mr. WILLIAMS. It is in writing.

Mr. LILLEY. I do not just know what that means. If you will give me a copy of it I will be glad to consider its meaning.

The SPEAKER. I would like to ask you a question, Mr. Lilley: You introduced the resolution, it seems—this resolution [indicating]?

Mr. LILLEY. Yes, sir.

The SPEAKER. That was introduced on a Thursday, was it not?

Mr. LILLEY. Yes, sir.

The SPEAKER. Your first call upon me touching this resolution, the first conversation we had about it, was on Saturday last, was it not?

Mr. LILLEY. I think so.

The SPEAKER. In the meantime you proceeded to be interviewed in the public press?

Mr. LILLEY. Well, Mr. Speaker, I had not introduced that resolution very many minutes, and I introduced it just about as the gavel sounded on Thursday, before the newspaper correspondents were around me like a hive of bees. I did not intend to give any interviews whatever, but finally I said, "I will dictate an interview to one of you gentlemen, provided he will submit it to me after he has typewritten it and"—

The SPEAKER. I am not speaking of that—

Mr. LILLEY. I did dictate an interview to Mr. Smith, of the Washington Post, and he submitted it to me at the New Willard that evening, and copies of that were given to other correspondents.

The SPEAKER. This interview, the substance of which is restated in the first statement alleging corrupt action on the part of the Members of the present House, or which purports to have been given out by you previous to your appearance before the committee, or any offer to appear before the committee—

Mr. LILLEY. If you had the particular interview which you have in mind more clearly identified I might answer. Some interviews have been written which were absolutely without the slightest foundation. I have given no interview except from my own dictation and correction afterwards when presented to me in typewriting. An interview did appear connecting the names of several gentlemen, who I believe

to be men of the strictest integrity; but that was an absolute fabrication.

The SPEAKER. I am not referring to any particular interview. I was merely desiring to see as to the fact, whether after you introduced this resolution, which upon its face is harmless—whether it is true that you then went into the newspapers by interview on your own motion or by suggestion on Thursday and Friday.

Mr. LILLEY. I had one interview on Thursday night, and none on Friday; and, Mr. Speaker, I tried to get hold of you on several occasions.

The SPEAKER. You did not “try” to me.

Mr. LILLEY. Yes, before I finally did see you on Saturday.

The SPEAKER. This room is always open. You came to see me Saturday afternoon, did you not?

Mr. LILLEY. I came to see you Saturday. I could not say whether it was Saturday morning or afternoon. On two or three different occasions I had hoped to get your ear, but found you busily occupied, and I thought I could wait.

The SPEAKER. You did wait until Saturday afternoon.

Mr. LILLEY. I did not get to you until Saturday afternoon, or sometime Saturday.

The SPEAKER. My recollection is that it was Saturday afternoon that you came to talk with me about this resolution. I am always in this room, save when I am in the House, substantially.

Mr. LILLEY. Well, Mr. Speaker, I have tried many times to get your ear, but I have found so many people on the same mission that I have been timid about coming in here.

The SPEAKER. That was a matter that existed in your own mind.

The SPEAKER. Well, Mr. Lilley, neither by writing or coming to me have you ever been turned down?

Mr. LILLEY. No, no; never.

Mr. SHERMAN. Your attention has been called to the alleged interview in the New York Sun of Saturday, February 22, has it not, Mr. Lilley?

Mr. LILLEY. Yes.

Mr. SHERMAN. And in the headlines it says, “Lilley accuses Sherman, of New York, of being in on the graft.”

Mr. LILLEY. I did not say that.

Mr. SHERMAN. In my presence did you not tell the man supposed to have written that article that it was a lie, characterized by certain adjectives before the word “lie?”

Mr. LILLEY. I certainly did; and I told him the same thing as regards Mr. Williams and Mr. De Armond. It is almost too absurd to require contradiction.

Mr. DE ARMOND. And it referred also to Mr. Griggs?

Mr. LILLEY. Yes.

Mr. DALZELL. I want you to look at that Post and say whether that is the interview that you are willing to be responsible for [submitting copy of the Washington Post].

Mr. LILLEY [after examining same]. Yes.

Mr. DALZELL. That is the Post of what date?

Mr. LILLEY. Friday, February 21.

Mr. DALZELL. All right.

Mr. LILLEY. I can tell you, Mr. Speaker, what I said about that. It was to the effect that the Electric Boat Company had told the people who were striving to make that committee, that they had influence. I do not think there is any objection to my stating the name of one of the present Members who went on this year, but I would like to ask him. One of the Members that went on this year said that representatives of the Electric Boat Company came to him and said they had influence and could get him on the committee, and the man did get on the committee, although he told them at the time they said this to him that he did not care for any of their help. He is not one of the Members that voted for the motion, either.

The SPEAKER. To what Member do you refer?

Mr. LILLEY. I would like to ask the Member if he would object.

The SPEAKER. You say that one of the Members that went on the committee this year told you that——

Mr. LILLEY. Told me that one of the representatives of the Electric Boat Company came to him and told him he would like to help him, but he declined any of their assistance.

The SPEAKER. You do not care to state his name?

Mr. LILLEY. I do not think he would have any objection, but I should prefer to ask him.

The SPEAKER. Is that all, gentlemen? Is there anything else you want to ask Mr. Lilley?

Mr. SHERMAN. There is only one authentic interview, Mr. Lilley, and that is the one you have identified in the Washington Post of last Friday?

Mr. LILLEY. Yes, sir.

Mr. SHERMAN. Every other interview, or purported interview, was spurious? You have given no other interview save that one which you have identified?

Mr. LILLEY. There might have been two or three lines yesterday in regard to the Lord and Eearly matter.

Mr. DALZELL. You know the New York Sun interview?

Mr. LILLEY. Last Saturday?

Mr. DALZELL. Yes.

Mr. SHERMAN. He has already repudiated that.

Mr. LILLEY. Absolutely.

Mr. DALZELL. He denies, I understand, every interview except the Post interview?

Mr. SHERMAN. Up to yesterday?

Mr. DALZELL. Yes.

Mr. LILLEY. Yes. There were perhaps six or eight or ten lines of a statement that I made yesterday in regard to members of the press; Lord and Eearly, and others.

Mr. DALZELL. This is in the Lord interview:

"Were they all Republicans?" Mr. Lilley was asked. "Not by a long shot," he replied. "Every Democrat except two has been a friend of this company in season and out, and it has just as many friends among the Republicans. In fact, they are nothing more than so many traveling salesmen, and they know it."

Mr. LILLEY. That is not my interview.

Mr. SHERMAN. You made no statement such as that Mr. Dalzell has read?

Mr. LILLEY. No. The only one authentic interview—the others have been garbled——

Mr. SHERMAN. Or made out of the whole cloth?

Mr. LILLEY. Yes, or made out of the whole cloth.

The SPEAKER. Is there anything else you would like to ask Mr. Lilley?

Mr. SHERMAN. I would like to ask another question. As a matter of fact, you do not accuse me, Mr. Lilley, of "being in on the graft," do you?

Mr. LILLEY. I do not, sir. You can put that question in all the forms you want and submit it to me in writing or not, and I will make the same answer. You know very well I would not make any such statement as that; neither would I make it against Mr. De Armond or Mr. Williams or Mr. Griggs.

If I may have a copy of that I will be obliged to you.

---

[Article published in Washington Post, Friday, February 21, 1908, referred to by Mr. Lilley in his statement.]

*Submarine Lobby—Representative Lilley accuses Electric Boat Company—Calls for investigation—Concern's representatives said to have influenced committee—Cutting down of battle ships from four to two and substitution of torpedo craft alleged to have been brought about by activity of company's agents—Lilley's resolution introduced after talk with President.*

Following upon the action of the House Committee on Naval Affairs in recommending the construction of eight submarine torpedo boats of the *Holland* type, Representative Lilley, of Connecticut, a member of that committee, yesterday introduced in the House a resolution providing for the appointment of a special committee to investigate the methods of the Electric Boat Company, of New Jersey, and its predecessor, the Holland Boat Company, in securing legislation.

Mr. Lilley declared that undue influence had been brought to bear upon members of the committee, including contributions by the company to individual and party campaign funds, and that he was prepared to substantiate his charges before the Committee on Rules, to which his resolution was referred, or before an investigating committee, should one be appointed.

The resolution was introduced by him after a conference with the President at the White House earlier in the day. It is understood that no conclusion was reached at this meeting, except that it was agreed that Mr. Lilley should attack the position taken by the majority of the members of the Naval Affairs Committee and defend the recommendation of the Administration. The sensation which the resolution produced among Mr. Lilley's colleagues, both in the committee and the House generally, caused them to stand about in groups and discuss it. The author of the resolution said the Committee on Rules, of which the Speaker is chairman, would meet soon and decide whether to recommend an investigation.

#### TEXT OF THE RESOLUTION.

The resolution introduced by Lilley is as follows:

*"Resolved*, That a committee of five Members of the House be appointed by the Speaker to investigate the conduct of the Electric Boat Company, of New Jersey, and their predecessors, the Holland Boat Company, respecting the methods employed by said companies in connection with past and proposed legislation before Congress: *Provided*, That said committee shall have the power to send for persons and papers, to examine witnesses under oath, and may employ a stenographer and one clerk, and shall report the result of its investigations to the House with such recommendations as it may deem proper: *Provided further*, The expenses incurred hereunder shall be paid out of the contingent fund of the House on vouchers approved by the chairman."

The proposal of a Congressional investigation is an outgrowth of the refusal of the Naval Affairs Committee to follow the President's naval construction programme. The President personally backed the Navy Department in its request for authorization of the construction of 4 battle ships, 10 torpedo-boat

destroyers, 4 submarines, etc. The committee cut the battle ships to 2 and raised the submarines to 8, and in connection with the latter craft adopted the Loudenslager amendment, providing that they should be of the type of the *Octopus*, unless a superior type should be offered and demonstrated by October 1, 1908.

#### THE CONTRACT PROVISION.

It was at once pointed out by the friends of the President's programme, among them Representative Hobson, of Alabama, and Mr. Lilley, that this provision practically delivered the contract to the Electric Boat Company, builders of the *Octopus*, because eighteen months is the time required to build a submarine, and the time limit of October 1 gave only eight months to build a competitive craft. Another effect of the amendment was to nullify the right gained by the Secretary of the Navy, in a court decision growing out of last year's submarine tests off Newport, to consider the lake type of boat as a competitor.

"Enough has come under my observation to know that an investigation into the methods of the Electric Boat Company of New Jersey, formerly the Holland Company," said Mr. Lilley, in explaining his resolution, "to convince me that a thorough and searching investigation would result in benefit to the country. The time has arrived when the power of the President, the Secretary of the Navy, and the naval board has been usurped by this company. The naval programme has been ignored, and they have instituted a programme of their own."

"What proof have you of this?" was asked.

"Well," he replied, "I point to the fact that the 4 battle ships recommended by the President were cut to 2 by the committee. The ammunition ship, scout cruisers, and a vessel to lay mines and torpedoes were cut out of the bill. The Secretary of the Navy's plan for improved submarines was voted down. Instead, double the quantity asked for by the Government—8 in number—were provided, but they are to be of the old *Octopus* type.

"The *Octopus* was finished some months prior to the *Vermont*, which is now admitted to be obsolete, owing to the vast improvements that have taken place since she was launched. A proposition to build our new battle ships after the plans of the *Vermont* would be just as reasonable and businesslike as to specify in the bill that future submarines should be built after the *Octopus* type."

"But you speak of the methods of the Holland people. What are they?"

#### ADEPTS IN LOBBY WORK.

"There are no tricks in the way of lobby work and influencing members that the Electric Boat Company are not adepts in. Sentiment is worked up in every conceivable manner. Attorneys have been hired, who have usually been influential politicians from the home districts of members of the committee. They have brought all sorts of pressure to bear on individual members, and even candidates have been brought into the field to contest the nomination of members who have opposed the company's policies. They have even gone so far as to find out what new Members of the House have applied for positions on the Naval Affairs Committee, and they have assumed to have influence in securing the assignment of members on that committee. It has also been said that they have contributed to individual and party campaign funds.

"A thorough investigation after the style of the investigations into the insurance companies in New York by a man of the Hughes type would throw a great deal of light on the subject. The methods I have mentioned and many others would be brought out in a searching investigation. By specifying the *Octopus* type in the bill competition for an improved boat is out of the question."

"Do you favor the Lake type of boat?" was asked.

"I do not," he replied emphatically. "Nor do I favor any particular type. I believe as every right-minded man must believe, that the type should be left to the judgment of naval experts and constructors and the distinguished members of the Naval Board, which includes the President, the Secretary of the Navy, and Chief Constructor Capps. It should not be left to men who are inexperienced in the building of vessels, who are influenced in favor of a particular type of submarine boat. I am in favor of a square deal, and my resolution aims to bring that about. If the Holland submarine boat has merit, why not let it stand on its own bottom?"

## COMPANY ISSUES STATEMENT.

After the news of the resolution had spread throughout the Capitol, a representative of the company attacked by it gave out the following statement:

"The Secretary of the Navy, in his last annual report, recommended an appropriation for submarine boats of the same type as those which were superior in the Newport trials of last spring, provided a more satisfactory type was not developed. The Committee on Naval Affairs, heeding this recommendation, made an appropriation for these boats, in practically the language of the Secretary's recommendation. Representatives of the Electric Boat Company declare that Mr. Lilley supported an appropriation for a large number of these boats at last session, but that since that time the Lake boat, whose headquarters are in Mr. Lilley's State, failed in the Newport trials, and they assert that Mr. Lilley, after having fought unsuccessfully a provision for submarine boats, in the language of the Secretary's recommendation, is now, through a resolution of the House containing charges of misconduct, merely attempting to nullify the committee's action, and that this is all he hopes to do.

"In the Naval Committee members are thoroughly familiar with this unending strife over submarine boats and with the reckless charges instigated by losing competitors. The company has no fear of the result of any investigation anywhere. This desire to investigate is always manifested after a losing committee fight."

## MR. LILLEY INDIGNANT.

When Representative Lilley's attention was called to this statement he became indignant. He dictated the following reply:

"That statement is merely a subterfuge and wholly misleading. It is along the lines of the company's past attempts to deceive the public. I should be entirely satisfied if the bill followed the same language it followed a year ago, leaving the matter in the hands of the President, the Secretary of the Navy, and the naval board.

"I am ready at the earliest moment to vote for the submarine programme as laid down by the Administration; that is, four boats, and the type to be determined by the experts in naval construction, namely, the naval board, and not by the majority of the committee. I do not object to a reasonable appropriation for submarines, and I do not care what type, but I do object to the Holland Company usurping the power of the President and his advisers.

"If the company has no fear of an investigation, as it declares in its statement, let us have a thorough one. The fact that Mr. Lake lives in the State of Connecticut has no weight with me. I should pursue the same course if he lived in the Philippines. All I ask is that the building of the boats be left with experts."

## HOW THE MEMBERS VOTED.

Those on the committee who are understood to have voted against the appropriation for the Holland submarines are Representatives Foss, Lilley, Olcott, Padgett, and Hobson, the last two being Democrats. The other fourteen members of the committee, thirteen of whom voted for the appropriation, are Representatives Loudenslager, Butler, Mudd, Roberts, Lond, Bates, Thomas, Dawson, and Ellis, Republicans, and Meyer, Kitchin, Gregg, Talbott, and Lamar, Democrats. Mr. Meyer is understood to have been out of the city when the vote was taken.

Several members of the committee were interviewed in regard to the resolution introduced by Mr. Lilley.

When Mr. Roberts, of Massachusetts, was shown the resolution he said:

"In other words, he charges that the Holland Electric Boat Company controls the House Committee on Naval Affairs, and forces it to give more submarines than the Secretary of the Navy asks for. I believe any intelligent man who is acquainted with the facts in the case will laugh at such a charge. There is not a man on the Naval Affairs Committee who would not gladly have voted for four battle ships asked for, but we decided that conservatism would bring the best results in a year such as this, when we are said to be facing a huge deficit. I am told that a determined fight is to be made even on the two battle ships recommended, and I should not be at all surprised to see the House bill give only one battle ship.

"The price of two battle ships is about \$18,000,000, and for the price of one ship we can build 27 submarines, or thereabout. So in cutting off \$18,000,000 from the estimates, a majority of the members of the committee considered that it would be only fair to increase the number of submarines, the need of which is great.

## CHARGE DECLARED RIDICULOUS.

"The charge that a combination of submarine men defeated the four battle ship plan is ridiculous, from the fact that there were four different submarine propositions voted on by the committee, and on each of these the vote was so different as to make the talk of a combination foolish. Every man who voted in the committee for two battle ships will gladly vote for four if it is found that there is any sentiment in favor of the four on the floor of the House. I am told, however, that Mr. Tawney, of the Appropriations Committee, expects to fight a recommendation for any battle ships at all. If the charges made by Representative Lilley are specified, I, for one, will be glad to see the matter given the widest publicity, but the resolution in its present form is too intangible."

Other members of the committee expressed themselves as follows:

Representative Dawson, of Iowa: "I have nothing to say at this time."

Representative Gregg, of Texas: "I do not know what this resolution is directed at, and I do not know of any improper methods used by anybody in connection with this legislation, or any other legislation for that matter. If any improper methods have been employed, they ought to be known by all means."

Representative Talbott, of Maryland: "If there is anything wrong or improper, as Mr. Lilley's resolution would seem to suggest, let it be investigated at once. I never heard of anything improper, either regarding this legislation or any other."

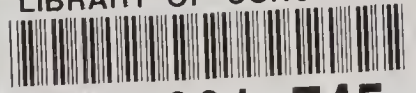
Representative Loudenslager, of New Jersey: "There will be no objection from me, and I do not suppose there will be any from anybody else, to the investigation proposed by this resolution. I don't know anything about it."

Representative Bates, of Pennsylvania: "I have never heard of this resolution before and do not know anything about it. I understand the clause in the naval bill concerning submarines follows the language of the Secretary of the Navy in his annual report."





LIBRARY OF CONGRESS



0 028 001 745 0